BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 97-512-W - ORDER NO. 98-542

JULY 15, 1998

IN RE:	Application of E & R Partnership for Approval of an Increase in its Water Rates and Charges.)	ORDER DENYING REHEARING AND RECONSIDERATION
)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request for rehearing and reconsideration of our Order No. 98-390 by E&R Partnership (E&R or the Company). Because of the reasoning stated below, the request must be denied.

First, E&R notes that in the test year, there were no vehicle expenses, and no salary or related expenses for a full time operator. Further, E&R states that it had only \$1612.87 for extra labor, and \$853.93 for repairs on digging equipment. While we are sympathetic with the plight of a small utility system such as E&R, we hold that such statements are not grounds for rehearing and/or reconsideration. When a Company requests a rate increase, it must support that request with expenses incurred by it. We cannot impute additional expenses that have not actually been incurred. These grounds are therefore without merit.

Second, E&R states its disagreement with Staff accounting on the removal of the mortgage payment from expenses. As stated in Order No. 98-390, mortgage payments are

payments of liabilities, but are not allowable as operating expenses. We believe that this is correct under general accounting principles. Therefore, this ground is unavailing.

Lastly, E&R alleges that there were no complaints about the Company's service before the rate increase case started. We do not believe that this is an appropriate ground on which to request reconsideration and/or rehearing. The fact is that there were complaints presented at the hearing in this matter. The timing is of no consequence.

Because of the above-stated reasoning, the request is denied. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

This T. Bruchy
Chairman

ATTEST:

Jay E Walth
Acting Executive Director

(SEAL)